

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 ITC-01 SP-02 ICA-11 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 L-03 H-01 PA-01 /097 W
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R 121049Z SEP 78

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 0847

INFO AMCONSUL HONG KONG

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

C O N F I D E N T I A L BANGKOK 26416

E.O. 11652:GDS

TAGS: ETRD, JA, TH, VM

SUBJ: ASSESSMENT OF MITI CHIEF'S VISIT TO THAILAND AND
JAPANESE EFFORTS TO ENCOURAGE SRV TO MAKE PURCHASES FROM
THAIS

1. IN DISCUSSION WITH EMBOFFS SENIOR OFFICIAL OF JAPANESE
EMBASSY CONFIDED JAPANESE MINISTER OF INTERNATIONAL
TRADE AND INDUSTRY KDMOTO TOSHIO WAS PLEASED BY OUTCOME
OF HIS SEPTEMBER 5-7 VISIT TO THAILAND. ACCORDING TO
OFFICIAL, THAI GOVERNMENT OFFICIALS WERE VERY "MODEST"
IN THEIR REQUESTS AND WERE "UNDERSTANDING" ABOUT THE
TRADE IMBALANCE, CURRENTLY AROUND 800 MILLION DOLLARS
ANNUALLY IN FAVOR OF JAPAN.

2. ALTHOUGH KOMOTO WAS REPORTEDLY PLEASED WITH THE
OUTCOME OF HIS PRIVATE TALKS WITH THAI GOVERNMENT
LEADERS, INCLUDING PRIME MINISTER KRIANGSAK, HE WAS
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MIFFED BY THE ATTITUDE OF THE THAI PRESS. KOMOTO
REGARDED AS "FOOLISH" THE CONTENTION OF THAI NEWSPAPERS
THAT JAPAN HAD FAILED TO MEET ITS PROMISED TRADE TARGETS
FOR THE PURCHASE OF THAI PRODUCTS. THE SO-CALLED
PROMISED TRADE TARGETS WERE GOALS UNDER CONSIDERATION AND
NOT ANY FORMALIZED AGREEMENT WITH THE THAI GOVERNMENT.
HE ADDED THAI OFFICIALS UNDERSTOOD THIS BUT THE THAI

PRESS DID NOT.

3. DURING A SEPTEMBER 6 MEETING WITH SNOH UNAKUL, THE GOVERNOR OF THE BANK OF THAILAND, KOMOTO WAS ASKED TO CONSIDER PAYING IN YEN FOR COMMODITIES PURCHASED FROM THAILAND AS WELL AS FOR RELIEF ON REPAYMENT OF EARLIER LOANS NOW DUE FOR REPAYMENT IN A MUCH APPRECIATED YEN. KOMOTO SAID HE WOULD TAKE THE REQUEST UNDER ADVISEMENT BUT POINTED OUT THAT SINCE THAILAND WAS STILL GETTING YEN LOANS THE PRESENT VALUE IN DOLLARS SHOULD BALANCE OUT THE APPRECIATION THAT HAS OCCURRED SINCE YEN LOANS WERE MADE. THE MITI CHIEF POINTED OUT THAT THE YEN-DOLLAR RATE OF EXCHANGE SHOULD STABILIZE IN THE NOT TOO DISTANT FUTURE WHICH WOULD MAKE SUCH AN EXERCISE POINTLESS. ACCORDING TO THE EMBOFF, DR. SNOH SEEMED TO HAVE ACCEPTED THIS ARGUMENT.

4. JAPANESE EMBOFF INDICATED KOMOTO URGED PRIME MINISTER KRIANGSAK TO DISCUSS WITH VIETNAMESE PRIME MINISTER PHAM VAN DONG THE USE OF JAPAN'S UNTIED LOANS TO VIETNAM TO PURCHASE THAI PRODUCTS, DURING DONG'S VISIT TO THAILAND SEPTEMBER 6-10. THE JAPANESE EMBOFF REFERRED TO EARLIER TALKS HIS GOVERNMENT HAD WITH THE VIETNAMESE DURING WHICH THIS COURSE WAS RECOMMENDED. OFFICIAL ALSO ASSERTED THAT PRESENT YEN LOANS TO THAILAND ARE UNTIED -- DESPITE STRONG PROTESTS FROM THE JAPANESE
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BUSINESS COMMUNITY.

5. AT A NEWS CONFERENCE PRIOR TO HIS DEPARTURE FROM BANGKOK, KOMOTO PLEDGED TO SEND A TEAM OF EXPERTS FROM JAPAN TO THAILAND LATER IN THE YEAR TO STUDY WAYS OF INCREASING THE PURCHASE OF THAI GOODS, AND HE ANNOUNCED THAT ANOTHER TEAM WOULD ARRIVE IN BANGKOK IN OCTOBER TO STUDY INVESTMENT CONDITIONS IN THAILAND. HE ALSO INDICATED JAPAN WILL CONSIDER REDUCING TARIFF AND NON-TARIFF BARRIERS ON THE IMPORTS FROM ASEAN MEMBERS, PARTICULARLY THAILAND.

6. KOMOTO'S PRONOUNCEMENTS HAVE BEEN MET WITH SOME SKEPTICISM IN THAI PRESS. SEPTEMBER 8 BANGKOK NATION BUSINESS NEWS COLUMNIST QUOTED THAI DEPUTY COMMERCE MINISTER PROK AS LABELLING KOMOTO'S PROMISES AS "LIP SERVICE." COLUMNIST ADDED, "SINCE THESE ARE MERELY PROMISES, A HIGH-RANKING OFFICIAL NOTED THAT THEY MAY TAKE MONTHS, OR YEARS OR PROBABLY A DECADE TO BE IMPLEMENTED AS CERTAIN CASES IN THE PAST AND THUS WILL BE TOO LATE."

7. COMMENT: THE LARGE TRADE DEFICIT IN JAPAN'S FAVOR

HAS BEEN A CONSTANTLY RECURRING ISSUE BETWEEN THE RTG
AND VISITING JAPANESE OFFICIALS. JAPANESE EMBASSY SOURCES
HAVE RETORTED (IN PRIVATE) THAT AT BEST THEY SEE ONLY
MINIMAL POSSIBILITIES FOR THAILAND TO IMPROVE ITS TRADE
BALANCE WITH JAPAN SINCE FOR THE MOST PART THAI PRODUCTS
JUST AREN'T COMPETITIVE ON THE JAPANESE MARKET.
ABRAMOWITZ

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